

# Public School Employees Application to Purchase Out-of-System Public Educational or Nonpublic Educational Service

<b>Indicate service to be purchased:</b> <input type="checkbox"/> Out-of-System Public Educational Service <input type="checkbox"/> Nonpublic Educational Service	
NAME (Last, First, M.I.)	SOCIAL SECURITY NUMBER*
ADDRESS	TELEPHONE (       )
CITY, STATE, ZIP	PLANNED RETIREMENT DATE
PREVIOUS NAMES USED DURING MICHIGAN PUBLIC SCHOOL EMPLOYMENT, IF ANY	
1.	2.
SIGNATURE	TODAY'S DATE

CERTIFYING AGENCY NAME	INSTITUTION WHERE SERVICE WAS PERFORMED
ADDRESS	CITY, STATE, ZIP
<b>SOURCE OF DOCUMENTS</b> <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="width: 30%;"> <input type="checkbox"/> PAYROLL         </div> <div style="width: 30%;"> <input type="checkbox"/> PERSONNEL         </div> <div style="width: 30%;"> <input type="checkbox"/> OTHER (SPECIFY) _____         </div> </div> <div style="margin-top: 10px;"> <input type="checkbox"/> NO RECORDS AVAILABLE BECAUSE _____         </div>	

[illegible]

***Certification continues on the reverse side of the form. Please answer these additional questions.***

**Part 2: Employment Certification - Continued from page 1**

Type of educational agency (check all that apply) <input type="checkbox"/> Public <input type="checkbox"/> Private <input type="checkbox"/> Elementary <input type="checkbox"/> Secondary <input type="checkbox"/> 2- or 4-year institution of higher education <input type="checkbox"/> Other (Specify) _____
Does this educational agency offer an organized course of academic study primarily oriented toward awarding high school diplomas? <input type="checkbox"/> YES <input type="checkbox"/> NO
Does this educational agency offer an organized academic course of study primarily oriented toward the awarding of associate, baccalaureate, master's, doctoral or other academic degrees? <input type="checkbox"/> YES <input type="checkbox"/> NO
Did applicant participate in a retirement program? <input type="checkbox"/> YES <b>Please forward application to complete part 3.</b> <input type="checkbox"/> NO <b>Please return application to ORS.</b>

**I CERTIFY THAT THE ABOVE STATEMENTS ARE TRUE, TO THE BEST OF MY KNOWLEDGE AND BELIEF.**

NAME (PRINT OR TYPE)	TITLE	
STREET ADDRESS	TELEPHONE (     )	DATE
CITY, STATE, ZIP	SIGNATURE	

**Part 3: Retirement Clearance** - To be completed by the custodian of records of the educational agency's retirement system.

1. Is the applicant entitled, now or in the future, to receive any benefits from your system based on the service certified on page 1 of this application? <input type="checkbox"/> YES - Date of entitlement _____ <input type="checkbox"/> NO - Reason _____
2. Are retirement contributions still on deposit with your system? <input type="checkbox"/> YES <input type="checkbox"/> NO - Date of Refund _____

**I CERTIFY THAT THE ABOVE STATEMENTS ARE TRUE, TO THE BEST OF MY KNOWLEDGE AND BELIEF.**

NAME (Print or Type)	TITLE	
STREET ADDRESS	TELEPHONE (     )	
CITY, STATE, ZIP	SIGNATURE	DATE

A person who, with intent to deceive, makes a false statement in a report or record required under this Retirement System or who, with intent to deceive, violates this act or a rule promulgated under this act is guilty of a misdemeanor punishable by imprisonment of not more than 90 days or a fine of not more than \$500 or both. (P.A. 300 of 1980, as amended, Section 105.)

***Return application directly to the Office of Retirement Services. Do not return to applicant.***



## OFFICE OF RETIREMENT SERVICES

Serving the Customers of the Judges, Public School Employees,  
State Employees, and State Police Retirement Systems

PO Box 30171, Lansing, MI 48909-7671 <http://www.state.mi.us/dmb/ors/>

Telephone: 517-322-5103 Outside Lansing: 800-381-5111

# Public School Employees' Application to Purchase Out-of-System Public Educational or Nonpublic Educational Service

*Service credit is used to compute your pension amount. Buy-in credit adds to your total years of service credit and can increase your pension and/or help you qualify for a pension earlier than otherwise possible. Complete information about service credit purchases and pension requirements is provided in the **Retirement Guidelines** booklet. If you have questions after reading the following information, please contact ORS for assistance.*

### OUT-OF-SYSTEM PUBLIC EDUCATIONAL SERVICE:

A member may purchase up to a maximum of 15 years of credit for Michigan public educational service not covered by this retirement system, or public educational service from other U.S. states or territorial possessions. You may not receive credit for more out-of-system public educational service than service performed under this retirement system.

### NONPUBLIC EDUCATIONAL SERVICE:

A member may purchase up to a maximum of 5 years of retirement credit for qualifying service performed in nonpublic elementary or secondary educational institutions offering an organized course of academic study primarily oriented toward the awarding of high school diplomas, or for service performed in nonpublic two- or four-year higher educational institutions that offer an academic course primarily oriented toward associate, baccalaureate, master's, doctoral, or other academic degrees in Michigan, in other U.S. states or territorial possessions.

### INSTRUCTIONS

Check the box at the top of Page 1 for type of service you are requesting to purchase. A separate application must be completed by each out-of-system public or nonpublic educational institution where service is being certified. Complete Part 1. Retain Pages A and B for your records.

Send application to previous employer or custodian of records to complete Part 2 to certify the service.

If you did not participate in a retirement program, **your previous employer or custodian of records must return the application directly to ORS.**

**Otherwise**, forward the application to the employing educational institution's retirement system to complete Part 3 and **return the application directly to ORS.**

### ELIGIBILITY REQUIREMENTS:

- An employee/employer relationship with an educational agency under the Michigan Public School Employees Retirement System must be in effect at the time of purchase. **You must make payment before you retire or terminate employment.**
- As a Retirement System member you may purchase out-of-system public and nonpublic educational service credit at any time. Your purchased credit is recognized when you have completed at least 10 years of service credit with this Retirement System, with at least five years of this service credit following the date you performed the service purchased. You cannot use purchased credit to satisfy the minimum 10-year service credit requirement to vest. Member Investment Plan participants, who can retire with a minimum of five years of service credit after age 60 under certain circumstances, cannot use purchased credit to meet that minimum. If you terminate employment before the date you can begin receiving a pension, the payment will be refunded upon request.
- Credit cannot be purchased if you are now or will be in the future receiving a pension or annuity for the same service from another retirement system.
- Previous purchase of the following buy-ins now repealed will offset available nonpublic educational service credit: Job Corps, Indian Reservation, United States trust/former trust territory teaching, and foreign country service for U.S. personnel or dependents of U.S. military or U.S. Department of State.

### APPLICATION DUE DATE:

The date your application is received may affect your cost. Application should be made early to allow Retirement staff adequate processing time. The application should be received in the Retirement Office no later than June 1 for you to make payment during the current school fiscal year ending June 30. Allow four to six weeks for the billing process. If you apply and receive a billing statement, you are not obligated to make payment.

## **COST – OUT-OF-SYSTEM PUBLIC EDUCATIONAL SERVICE:**

For service performed before July 1, 1974, the cost is based on the actual salary you earned while performing the service and this Retirement System's contribution schedule in effect for those years, plus regular interest. You may make partial payments of \$800 or more.

For service performed beginning July 1, 1974, the cost for each year of credit you purchase is five percent of your last school fiscal year's (July 1 through June 30) compensation earned in a Michigan public school. If you earned more in a previous year, the highest previous year's earnings will be used to figure the cost. If you are a part-time employee, your earnings will be equated to full time. The school fiscal year compensation used to compute your cost is not to exceed your final average compensation determined at the time of retirement. You may make payments equal to one or more full years and/or remaining fraction of year.

To estimate your cost for one year of credit, use the following formula. To estimate your total cost, multiply the cost for one year by the total years eligible to purchase.

$$\begin{array}{c} \text{Michigan Public School Compensation} \times 5\% (.05) \\ = \\ \text{Cost for One Year} \end{array}$$

**NOTE:** If a payment for buy-in credit is made by the employing educational agency on the employee's behalf, the Retirement System will credit the payment to the employee's account as a "member" payment. Based on the Retirement System's research, the amount must be reported by the educational agency as taxable income on the employee's W-2 or 1099 form.

## **COST – NONPUBLIC EDUCATIONAL SERVICE:**

The cost for each year of nonpublic educational credit you purchase is a percentage of your last school fiscal year's (July 1 through June 30) compensation earned in a Michigan public school. If you earned more in a previous year, the highest previous year's earnings will be used to figure the cost. If you are a part-time employee, your earnings will be equated to full-time.

The school fiscal year compensation used to compute your cost is not to exceed your final average compensation which is determined at the time of retirement. You may make payments equal to one or more full years and/or a remaining fraction of a year. Please refer to the **Variable Percentage Buy-in Table** below for specific percentage rates.

As required by law, the Retirement Board determines the percentage rate charged for nonpublic educational service. The rate is based on your age as of July 1 of the school fiscal year in which the purchase is made. The payment is computed to fund the additional benefits provided by the buy-in credit.

If you buy credit at a younger age, the cost will be less because your payment will have a longer investment period to fulfill the funding requirement. Likewise, the higher charge at an older age is a result of a shorter investment period to fulfill the requirement.

To estimate the cost for one year of credit, use the following formula. To estimate your total cost, multiply the one year cost by the total years eligible to purchase.

$$\begin{array}{c} \text{Michigan Public School Compensation} \\ \times \text{Percentage Rate} = \\ \text{Cost for One Year} \end{array}$$

### **VARIABLE PERCENTAGE BUY-IN TABLE**

*Effective July 1, 1999*

Age at Purchase	Rate	Age at Purchase	Rate	Age at Purchase	Rate
up to 25	9.0%	37	12.1%	49	15.7%
26	9.2%	38	12.4%	50	16.0%
27	9.4%	39	12.7%	51	16.2%
28	9.6%	40	13.0%	52	16.4%
29	9.8%	41	13.3%	53	16.6%
30	10.0%	42	13.6%	54	16.8%
31	10.3%	43	13.9%	55	17.0%
32	10.6%	44	14.2%	56	17.1%
33	10.9%	45	14.5%	57	17.2%
34	11.2%	46	14.8%	58	17.3%
35	11.5%	47	15.1%	59	17.4%
36	11.8%	48	15.4%	60 and older	17.5%

**NOTE:** Basic Plan rates are 4.0% lower. The above rates are subject to change.